

Patricia M. French
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September 21, 2006

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-31

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following Information Requests:

DTE-BSG-03-01	DTE-BSG-03-08	UWUA 04-01	UWUA 04-02
UWUA 04-05	UWUA 04-09 REV	USW 01-01 SUPP	USW 01-25 SUPP
USW 04-06	USW 04-08	USW 04-10	USW 05-03
AG 03-01	AG 03-02	AG 04-01	AG-04-02
AG 04-03			

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Paul Osborne (DTE)
A. John Sullivan (DTE)
Alexander Cochis, Assistant Attorney General (4 copies)
Charles Harak, Esq. (UWUA)
Nicole Horberg Decter, Esq. (USW)
Service List

I hereby certify I provided a copy of the within by overnight courier or e-file to each individual on the official service list on file with the Secretary of the Department of Telecommunications and Energy.

Dated at Westborough Massachusetts, this 21st day of September 2006.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE DTE
D.T.E. 06-31

Date: September 21, 2006

Responsible: Danny G. Cote, General Manager, Operations

DTE-BSG-3-1 Refer to the Company's response to UWUA 2-2(A), Cause No. 42194 at 14. Please provide, to the extent the Company relies on an Area Service Model business structure, a copy of the Area Service Model currently in use by the Company

RESPONSE: The Company does not rely on an "Area Service Model" business structure such as the one utilized by Bay State's Indiana affiliate, NIPSCO. Rather, Bay State operates three distinct service territories (Brockton, Springfield, and Lawrence) that are then segmented into 13 geographic regions. See Table DTE-BSG-3-1, below. Bay State's use of geographic regions is the most operationally efficient model, because it allows the Company to maintain a safe and reliable distribution system while minimizing travel, increasing productivity and matching manpower resources with workload demands by assigning service technicians where they are needed.

Table DTE-BSG-3-1
Service Territory Sub –Sections

<u>Brockton (5)</u>	<u>Springfield (6)</u>	<u>Lawrence (2)</u>
Brockton	Chicopee	North
Canton	Longmeadow	South
Hanover	Ludlow	
Taunton	Northampton	
Wrentham	Springfield	
	West Springfield	

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE DTE
D.T.E. 06-31

Date: September 21, 2006

Responsible: Danny G. Cote, General Manager, Operations

DTE-BSG-3-8 Refer to the Company's response to Exh. BSG 1-13. Please provide, to the extent such information is available, any future projections of staffing using the format of this chart, applying the Company's current business model.

RESPONSE: Please see Attachment DTE-BSG-3-8 for an estimate of Bay State's full compliment of full-time employees as of July 2006. Assumptions used to develop this estimate included a review of existing manpower levels, assumed normal operating conditions, including weather, existing technology, historic employee turnover levels, etc. As these conditions change, Bay State may revise this number from time to time.

Bay State Gas Company					
Current Staffing Levels by Division					
Full Compliment					
Estimated as of June 30, 2006					
					Total
	Brockton	Springfield	Lawrence	Westboro	Mass
Distribution	79	54	13		146
Meter	21	27	15		63
Customer Service	56	28	14		98
Admin	1	1	1	1	4
Northern Management	0				
Total Field Opeartions	157	110	43	1	311
System Operations	16	12	4	1	33
Facilities	1	3		3	7
Meter Shop		8			8
Instrumentation	2	1		1	4
Construction	6	3	2	2	13
Operations Exec Admin				2	2
Total Other Operations	25	27	6	9	67
Operations Totals	182	137	49	10	378
Tech Ops-GIS-Maps	3	1	1		5
Engineering	3	3		2	8
Total Tech Ops	6	4	1	2	13
Dispatch	12				12
Scheduling	3	3	1		7
Data Entry	4				4
Support Ops Admin				1	1
Total Support Operations	19	3	1	1	24
Meter Reading	4	4	3		11
Field Collections	7	6	3		16
Total Meter to Cash	11	10	6	0	27
President & Regulatory Affairs			1	5	6
Communications	1	1			2
Cares				1	1
DSM				4	4
Total President & Staff	1	1	1	10	13
Call Center		65			65
Billing	21				21
Revenue Recovery		9			9
NE Retail Services & Sales	3	1		1	5
Sales Key Accounts		1			1
Fleet	7	5			12
Stores	4	4	2		10
Energy Supply		1			1
Total Location	254	241	60	24	579

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS OF LOCAL 273
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President

- UWUA-04-01
- (a) Has Bay State ever sought "recovery of the annual amortization of the acquisition premium in future [post-98-31] rate proceedings?" If yes, please specify the docket number and date of the filing.
 - (b) If the answer to (a) is "no," has Bay State (or any related company) calculated the extent of merger-related savings? If such a savings calculation has been performed, please provide a copy of the calculation including all related work papers.
- RESPONSE:
- (a) Bay State has not sought recovery of the annual amortization of the acquisition premium associated with the NIPSCO acquisition of Bay State Gas Company in any rate proceeding.
 - (b) Neither Bay State (nor any related company) has a calculation of merger-related savings associated the NIPSCO acquisition of Bay State Gas Company.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS OF LOCAL 273
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President

UWUA-04-02: [See UWUA 1-1]

Please provide a copy of Kathleen O'Leary's resume.

RESPONSE: Please see Attachment UWUA-04-02 for a copy of Kathleen O'Leary's vitae.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS OF LOCAL 273
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President

UWUA-04-02: [See UWUA 1-1]

Please provide a copy of Kathleen O'Leary's resume.

RESPONSE: Please see Attachment UWUA-04-02 for a copy of Kathleen O'Leary's vitae.



Kathleen O'Leary
Senior Vice President – NiSource Corporate Services Corporation

Kathleen O'Leary became senior vice president of Energy Distribution Regulated Revenue for NiSource in April 2005. She is responsible for regulatory strategy, energy supply services, large customer relations, gas transportation services and state public affairs across the nine states the NiSource energy distribution companies operate.

A Virginia native, she began her Columbia career in 1978 as attorney for Columbia Gulf Transmission in Houston. She was named director of Federal Government Affairs in 1984 and represented the Columbia Gas local distribution companies in Washington D.C.

She worked in various government affairs roles for the former Columbia Gas System and was named vice president of Public Affairs for the Columbia pipelines in 1996. She assumed responsibility for leading the pipeline Human Resources functions in 2000. In 2001, she was named senior vice president of Human Resources and Public Affairs with responsibility for the NiSource pipelines and the NiSource exploration and production company. She was named president of Columbia Gas of Virginia in 2003 and assumed her current position in 2005.

O'Leary has a B.A. in Political Science from St. Michael's College in Burlington, VT, and a J.D. from Loyola Law School in New Orleans. She was the 2006 commencement speaker at St. Michael's College, where she was awarded an honorary doctor of laws. She is a member of the bar in the District of Columbia and Texas. She has served as chairman of the National Energy Resources Organization in Washington, D.C. and as chairman of the American Gas Association's pipeline safety task force.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS OF LOCAL 273
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President

UWUA-04-05: [See UWUA 1-3]

Did Mr. Bryant have any conversations or meetings with any Department Commissioners prior to the filing of DTE 05-27 regarding the rate increase in general or any specific any issue raised by that filing? If so, please provide the date(s) of any such conversations or meetings; who participated in the conversations or meetings; and any notes of such conversations or meetings.

RESPONSE: To the best of Mr. Bryant's recollection, Mr. Bryant had informal conversations with then-Chairman Afonso regarding Bay State's desire to initiate a base rate proceeding in 2005. Mr. Bryant may have also had a similar informal conversation with Commissioner Connelly. Mr. Bryant is unable to identify specific dates of any such conversations and has no notes regarding such conversations or meetings. The specific subject of the Company's need to accelerate its bare steel infrastructure replacement and the intention to file for an annual adjustment mechanism to cover the cost of this program would, most likely, have been the only specific discussed regarding the intended base rate filing.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS OF LOCAL 273
D.T.E. 06-31

Date: September 21, 2006

Responsible: Danny G. Cote, General Manager, Operations

UWUA-04-09: [See UWUA 1-4, pp. 96, 113]

Please describe the current status of the complaints Stiles & Hart Brick Company has raised with the company, including (i) whether the company ever reinstalled "the gas meter and associated piping and equipment" as referenced in Christopher Bourne's January 10, 2006 letter [include details of any reinstallation work]; (ii) whether the meter was tested after January 10, 2006 [include test results]; and (iii) whether the dispute between Stiles & Hart and the company has been resolved.

REVISED RESPONSE:

- (i) The Company did not reinstall the "gas meter and associated piping and equipment" referenced in Mr. Bourne's January 10, 2006 letter, because Stiles & Hart has not provided Bay State with its capacity requirements for the new meter run as was required in Mr. Bourne's January 10, 2006 letter. Attachment UWUA 04-09 provides the numerous requests by Bay State for the capacity information. Also included, as Attachment UWUA 04-09(B), is the decision of the Commonwealth of Massachusetts Superior Court granting Bay State partial summary judgment in litigation filed by Stiles & Hart. Superior Court Civil Action No. PLCV 2003-0375a (Mar. 16, 2006).
- (ii) The gas meter was not tested after January 10, 2006.
- (iii) The dispute between Stiles and Hart and the Company is not yet resolved.

BRICKLEY, SEARS & SORETT, P.A.

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BRICKSEA@AOL.COM

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HENRY P. SORETT
ANNE W. CHISHOLM
CYNTHIA D. CRAIG
ERIC R. PASSEGGIO

Thomas Arthur Hensley, Esq.
Suite 3
30 Taunton Green
Taunton, Massachusetts
02780

Re: The Stiles and Hart Brick Company v.
Bay State Gas Co.

July 6, 2006

Dear Arthur,

I have telephoned your office on a number of occasions, and sent two faxes, but I have not heard back from you. As you know we discussed mediation at the time of the Pretrial Conference, and I sent you a fax with the dates Judge Xiafaras was available. Bay State is still willing to mediate this matter. Since I have not heard from you, I must assume that the Plaintiff is not.

If this matter is going to be tried, I will need to depose Plaintiff's expert. I have enclosed a Notice of Deposition for Jack Howells for August 17, 2006 in my office in Boston, MA.

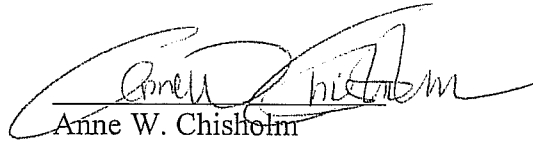
I also note that it has been almost six months since the DTE letter dated January 10, 2006. I have requested in writing on three occasions that your client provide capacity information in accordance with the DTE letter. To date, I have not received the information. The information Bay State requested is:

- The maximum and minimum capacities of both the dryer and the natural gas kiln, and any other gas appliance;
- If Stiles and Hart anticipates the gas dryer and the kiln operating simultaneously, please indicate the frequency of this occurrence;
- Please specify the months of heaviest gas usage, and the months of minimal gas usage.

Thank you for your attention to this matter, and I will again await your response.

BRICKLEY, SEARS & SORETT

Sincerely,



Anne W. Chisholm

CC: Joseph Krowski, Esq.
F. William St. Cyr (without enclosure)
Christopher Bourne, DTE (without enclosure)

Facsimile Cover Sheet

TO:	Arthur Hensley, Esq.
FAX:	508.822.3633
FROM:	Anne W. Chisholm, Esq
COMPANY:	BRICKLEY, SEARS & SORETT
PHONE:	(617) 542-0896
FAX:	(617) 426-2102
RE:	Stiles and Hart Brick Company v. Bay State Gas Company
DATE:	6.19.06
PAGES INCLUDING THIS COVER PAGE:	1

Comment:

Arthur,
It's been over a month since I sent you Judge Xiafaras' available dates. I know that we have exchanged phone messages. Are we going to mediate this case? If so, let's pick a date and get it scheduled. If not, we need to schedule Jack Howells.

Also, what is the status of the capacity information for the new meter set?

Please let me know where we are with this case.

Thanks,

Anne

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HENRY P. SORETT, ESQ.
ANNE W. CHISHOLM, ESQ.
CYNTHIA D. CRAIG, ESQ.

Thomas Arthur Hensley, Esq.
Suite 3
30 Taunton Green
Taunton, Massachusetts
02780

BY FAX AND MAIL

Re: The Stiles and Hart Brick Company v.
Bay State Gas Co.

April 20, 2006


Dear Arthur,

I am writing to follow up on my letters dated January 18, 2006 and February 22, 2006 regarding the DTE letter of January 10, 2006.

As you know the January 10, 2006 letter from Christopher Bourne of the Massachusetts Department of Telecommunications and Energy, stated that "Stiles & Hart will inform Bay State and the Division of its capacity requirements before Bay State designs, constructs and installs the new meter run." On February 24, 2006, you responded to my inquiries by stating that the information regarding capacity requirements would come from Harrop Industries and Jack Howells. To date, I have not received any information regarding Stiles and Hart's capacity requirements for a new meter installation.

Thank you for your attention to this matter, and we will again await your response.

Sincerely,


Anne W. Chisholm

CC: Joseph Krowski, Esq.
F. William St. Cyr
Christopher Bourne, DTE



THE COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY

ONE SOUTH STATION

BOSTON, MA 02110
(617) 305-3500

MATT ROMNEY
GOVERNOR

KERRY HEALEY
LIEUTENANT GOVERNOR

JUDITH F. JUDSON
CHAIRMAN

JAMES CONNELLY
COMMISSIONER

W. ROBERT KEATING
COMMISSIONER

PAUL G. AFONSO
COMMISSIONER

BRYAN PAUL GOLDEN
COMMISSIONER

January 10, 2006

Mr. Danny G. Cote
General Manager - Operations
Bay State Gas Company
300 Friberg Parkway
Westborough, MA 01581-5039

Lincoln D. Andrews
President
Stiles & Hart Brick Company
127 Cook Street
Bridgewater, MA 02324

Re: Stiles & Hart Brick Company

Dear Mr. Cote and Mr. Andrews:

Mr. Andrews, President of Stiles & Hart Brick Company ("Stiles & Hart"), an industrial customer of Bay State Gas Company ("Bay State"), notified the Pipeline Engineering and Safety Division ("Division") of the Department of Telecommunications and Energy ("Department") that he believed that Bay State Gas Company improperly installed the gas meter and gas service regulators on his property. As a result of the improper installation, Mr. Andrews claims that the meter is not accurately recording usage.

On September 1, 2005, the Division sent Mr. St. Cyr of Bay State and Mr. Andrews a letter stating that the Division is required to test a gas meter on the request of the consumer or a gas company. G.L. c. 164, § 114. Prior to conducting such a test, Bay State must first install the gas meter in accordance with the manufacturer's recommendations and consistent with Bay State's own installation procedures. On December 19, 2005, Mr. Andrews met with

01/11/06 WED 08:49 FAX 6174782580

MDTE PIPE/TELECOM.

D.T.E. 06-31

Bay State's Response to UWUA 4-9

Page 6 of 10

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Gas Meter at Stiles and Hart Brick Company
January 10, 2006

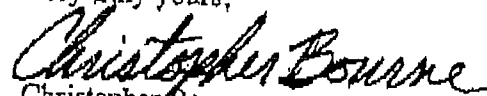
Page 2

several Department representatives to discuss this matter. On December 20, 2005, Mr. Andrews requested that the gas meter be tested.

In accordance with Mr. Andrews' request, the Division directs Bay State to reinstall the gas meter and associated piping and equipment at Stiles & Hart Brick Company in accordance with the manufacturer's recommendations, American Gas Association recommended practices, and Bay State's own installation procedures. The meter installation will be sized to the capacity required for Stiles & Hart's needs. Stiles & Hart will inform Bay State and the Division of its capacity requirements before Bay State designs, constructs and installs the new meter run.

If you have any further questions, please feel free to call me at (617) 305-3710. Thank you for your cooperation.

Very truly yours,



Christopher Bourne

Director

Pipeline Engineering
and Safety Division

cc: Andrew O. Kaplan, General Counsel
William Stevens, Assistant General Counsel
Elizabeth Cellucci, Senior Counsel
William St. Cyr, Bay State Gas Company

Atty. Thomas Arthur Hensley

SUITE 3 • 30 TAUNTON GREEN
TAUNTON, MASSACHUSETTS 02780

1 - 508 822-0030

1 - 800 693-0030

February 24, 2006

Anne Chisholm, Esquire
Brickley, Sears & Sorett, P.A.
75 Federal Street
Boston, MA 02110

Re: Stiles & Hart Brick Company v. Bay State Company
Docket No. PLCV 2003-00375

Dear Anne:

In response to the most recent letter concerning the DTE order to modify the meter fit at Stiles & Hart, may I respond by saying that the bulk of the information you will need has to come from Harrop Industries and from Jack Howells.

We have asked Harrop and Mr. Howells both to provide us with the information, and it will be forwarded to you as it is received here.

I thank you for your kind attention.

Sincerely,

TA Hensley
Thomas Arthur Hensley

TAH/tr

BRICKLEY, SEARS & SORETT, P.A.

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ERIC R. PASSEGGIO
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Thomas Arthur Hensley, Esq.
Suite 3
30 Taunton Green
Taunton, Massachusetts
02780

BY FAX AND MAIL

Re: The Stiles and Hart Brick Company v.
Bay State Gas Co.

February 22, 2006

Dear Arthur,

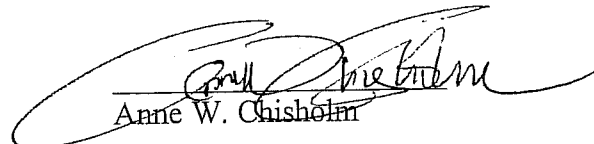
I am writing to follow up on my letter dated January 18, 2006 regarding the DTE letter of January 10, 2006. I have not received a response to my letter.

As you know the January 10, 2006 letter from Christopher Bourne of the Massachusetts Department of Telecommunications and Energy. Mr. Bourne states that "Stiles & Hart will inform Bay State and the Division of its capacity requirements. . . ." In light of this letter, please provide the following information:

- The maximum and minimum capacities of both the dryer and the natural gas kiln, and any other gas appliance;
- If Stiles and Hart anticipates the gas dryer and the kiln operating simultaneously, please indicate the frequency of this occurrence;
- Please specify the months of heaviest gas usage, and the months of minimal gas usage.

Thank you for your attention to this matter, and we will again await your response.

Sincerely,



Anne W. Chisholm

CC: Joseph Krowski
F. William St. Cyr
Christopher Bourne, DTE

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TO:	Arthur Hensley, Esq.
FAX:	508.822.3633
FROM:	Anne W. Chisholm, Esq
COMPANY:	BRICKLEY, SEARS & SORETT
PHONE:	(617) 542-0896
FAX:	(617) 426-2102
RE:	Stiles and Hart Brick Company v. Bay State Gas Company
DATE:	1.18.06
PAGES INCLUDING THIS COVER PAGE:	2

Comment:

Arthur, I am sending the attached request to initiate the process laid out in the letter from the DTE.

In addition, I know we spoke several weeks ago regarding depositions the week of 1/23, next week. I have been brought in at the last minute on a wrongful death case this going to trial next week, substantive motions Tuesday, and jury trial to follow. I just returned from Middlesex Superior Court and the schedule is firm. I will not be available next week.

Call if you have any questions.

Anne

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02780

BY FAX AND MAIL

Re: The Stiles and Hart Brick Company v.
Bay State Gas Co.

January 18, 2006

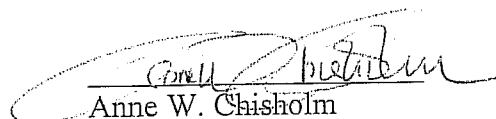
Dear Arthur,

As you know Bay State has received a copy of the January 10, 2006 letter from Christopher Bourne of the Massachusetts Department of Telecommunications and Energy. Mr. Bourne states that "Stiles & Hart will inform Bay State and the Division of its capacity requirements. . . ." In light of this letter, please provide the following information:

- The maximum and minimum gas input requirements specified in standard cubic feet per hour (SCFH) of both the existing dryer and the one existing natural gas brick kiln, and any other existing gas fired appliances;
- The required delivery pressure for each and every piece of gas fired equipment;
- If Stiles and Hart anticipates the existing gas dryer and the existing kiln operating simultaneously, please indicate the frequency of this occurrence;
- Any planned or anticipated additional equipment with its associated input and pressure;
- Please specify the months of heaviest gas usage, and the months of minimal gas usage.

Thank you for your attention to this matter, and we will await your response.

Sincerely,



Anne W. Chisholm

CC: Joseph Krowski
F. William St. Cyr
Christopher Bourne, DTE

23

COMMONWEALTH OF MASSACHUSETTS

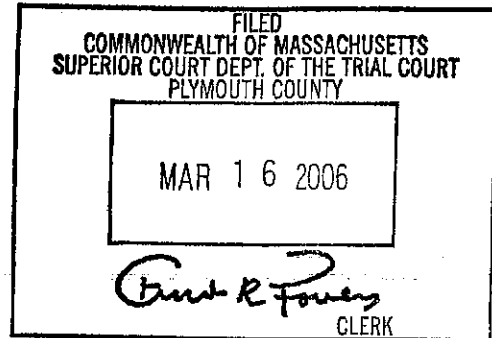
PLYMOUTH, SS.

SUPERIOR COURT
CIVIL ACTION
NO. PLCV2003-0375a

THE STILES AND HART BRICK COMPANY

vs.

BAY STATE GAS COMPANY



MEMORANDUM OF DECISION ON
DEFENDANT'S MOTION FOR PARTIAL SUMMARY JUDGMENT

The plaintiff converted the fuel used in a part of its manufacturing plant from coal to gas. This required the defendant to install specially designed equipment at the plant. The plaintiff alleges that the equipment was installed defectively causing the plaintiff damages. It has brought this action alleging breach of contract, breach of warranties, negligence and violation of M.G.L. c.93A. The defendant has moved for summary judgment on the counts alleging breach of contract and violation of M.G.L. c. 93A, as well as for a partial summary judgment on the negligence count to limit the possible damages.

I find the following facts are relevant to the motion for summary judgment.

The plaintiff manufactures bricks in kilns at its facility in Bridgewater, Massachusetts. It decided to convert one of these coal heated kilns to natural gas. It retained a contractor to install the necessary equipment and to work with the defendant. The defendant installed a new meter fit assembly in accord with specifications it

3-17-06
cc: JK
TH
AC

designed for the plant. Once the equipment became operational, the defendant provided the system for providing the gas, but the plaintiff purchased the gas from other vendors.

When the plaintiff fired the brick kiln with natural gas for the first time, it found that the bricks were under-fired because the gas regulators were pulsating and the meter itself over read the amount of natural gas consumed.

The plaintiff alleges that the meter fit assembly designed and installed by the defendant was defective and has resulted not only in producing defective bricks but in inoperable kilns which, in turn, led to lost profits. It has filed this claim for breach of contract, breach of warranties of good and workmanlike services, negligence and violation of M.G.L. c. 93A. The defendant maintains that the plaintiff is precluded by tariffs from asserting all but negligence actions against the defendant and on those claims is limited to direct damages.

Summary judgment shall be granted where there are no genuine issues as to any material fact and where the moving party is entitled to judgment as a matter of law. Mass. R. Civ. P. 56(c); Cassesso v. Commissioner of Correction, 390 Mass. 419, 422 (1983); Community Nat'l Bank v. Dawes, 369 Mass. 550, 553 (1976). The moving party bears the burden of affirmatively demonstrating the absence of a triable issue, and that the summary judgment record entitles the moving party to judgment as a matter of law. Pederson v. Time, Inc., 404 Mass. 14, 16-17 (1989). The moving party may satisfy this burden either by submitting affirmative evidence that negates an essential element of the opposing party's case or by demonstrating that the opposing party has no reasonable expectation of proving an essential element of his case at trial. Flesner v.

Technical Communications Corp., 410 Mass. 805, 809 (1991); Kourouvacilis v. General Motors Corp., 410 Mass. 706, 716 (1991).

The facts upon which this motion is to be decided are those which are undisputed and those which are disputed, viewed in a light most favorable to the non-moving party. Beal v. Board of Selectmen of Hingham, 419 Mass. 535, 539 (1995).

The defendant is in the business of supplying natural gas to private and commercial customers within the Commonwealth of Massachusetts. Pursuant to M.G.L. c. 164, § 94, its rate, prices and charges must be filed with and approved by the Department of Telecommunications and Energy("DTE") (formerly the "DPU"). The tariffs becomes binding on the utility company and are considered a quasi statutory enactment defining many of its rights and responsibilities with respect to its customers. Haverhill Gas Co. v. Findlen, 357 Mass. 417, 420 (1970). The tariff eliminates the need of contracts between the customer and the public utility and in doing so eliminates the public utilities' liability under contract law. See FMR Corp. vs. Boston Edison Co., 450 Mass. 393, 396 (1993); Pasquale et al. vv Reading Municipal Light Dep't, 18 Mass. .Law Repr. 17,370, (Sept. 04),(Murphy,J.)

Several provisions of the defendant's approved tariff are relevant to this case. Section 7.9 and Section 7.11 establish that the defendant owns all of the equipment it provides in supplying natural gas. Section 7.7 provides that the defendant is not liable under a breach of contract theory, and Sections 7.7 and 20.2 provide that the defendant is responsible only for its negligence and recovery is limited to actual damages.

Since Count I is based on the theory of breach of contract, the defendant's

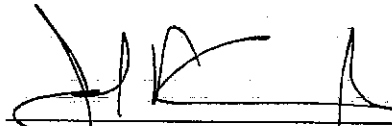
motion for summary judgment is **ALLOWED** with respect to that count.

Count II alleges breach of warranties. Article Two of the UCC applies only to the sale of goods, not to the rendition of services. Cumberland Farms, Inc. v. Drehmann Paving & Flooring Co., 25 Mass. App. Ct. 530, 534 (1988). Since the defendant did not supply the gas but only the means of distribution, its actions are not governed by Article Two. The defendant maintains that if the claim of implied warranty of good and workmanlike services is based on a common law theory. As such, it provides a cause of action in tort when the harm is physical injury to property rather than purely economic loss. Commonwealth v. Johnson Insulation, 425 Mass. 650, 653, (1997); Fine v. Huygens, DiMella Schaffer & Assoc., 57 Mass. App. Ct. 397, 400 (2003). The defendant is, therefore, not precluded from asserting such a cause of action, but is in accord with Sections 7.7 and 20.2 limited to recovering direct damages.

The defendant's motion for summary judgment on Count II alleging breach of warranties and Count III alleging negligence is **ALLOWED** with respect to a claim for "any indirect consequential or special damages". (See, Tariff, Section 20.2).

In reviewing the plaintiff's claim for a violation of M.G.L. 93A, it is necessary to restate that the tariffs provide quasi statutory rights and obligations that exists between the customer and the defendant in lieu of a contract. Tariff 20.2 limits liability to negligence actions and further limits any recovery against the defendant to direct damages whether the claim is "arising in tort, contract or otherwise by reason of any services performed or undertaken to be performed or actions taken by the company ... under the schedule of rights or in accordance with or required by law". Since this same

wording in a contract a contract has been held by the Supreme Judicial Court to preclude a claim under M.G.L. c. 93A, § 11, it follows that when it appears in the quasi statutory provisions of a tariff it similarly excludes such a claim. Canal Electric Co. v. Westinghouse Electric Corp., 406 Mass. 369 (1990). The Motion is **ALLOWED** as to Count III alleging violation of M.G.L. 93A.



John P. Connor, Jr.
Associate Justice of the Superior Court

Dated: 3/16/06

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President
Sherry H. Gavito, VP, Governance

USW 1-1: From June 1, 2005 to date, identify every affiliate of NiSource that has outsourced call center, credit, collections, billing, or any other functions under the June 2005 Agreement between NiSource Corporate Services Company ("NCSC") and IBM. Additionally, for each outsourced function at each affiliate, provide the date that outsourcing was actually implemented.

RESPONSE:

Objection. The question is irrelevant to this proceeding where Bay State's service quality for its customers and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. Activities of other distribution company affiliates are not in issue in this proceeding.

**SUPPLEMENTAL
RESPONSE:**

The affiliates that utilize certain functions provided under the June 2005 Agreement between NCSC and IBM include Bay State, Columbia Gas of Kentucky, Columbia Gas of Maryland, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Virginia, Columbia Gas Transmission, Columbia Gulf Transmission, Crossroads Pipeline, Granite State Gas Transmission, Kokomo Gas and Fuel Co., Northern Indiana Fuel & Light Co., Northern Indiana Public Service Co., Northern Utilities, Whiting Clean Energy, NiSource Retail Services, Energy USA/TPC, NiSource Energy Technologies, NiSource Capital Markets, Inc., Columbia Energy Services Corporation, Columbia of Ohio Receivables Corporation, Granite State Gas Transmission, Inc., Hardy Storage Company, LLC., Lake Erie Land Company, Millennium Pipeline Company, L.P., NiSource Inc., NiSource Corporate Services Company, NiSource Finance Corp., NIPSCO Receivables Corp., PEI Holdings, Primary Energy, Inc., and Whiting Leasing, LLC.

The outsourcing agreement between NCSC and IBM was effective July 1, 2005. The commencement dates for service based on service area, are provided in Table USW 1-1 SUPP.

TABLE USW 1-1 SUPP

Service Area/Service Tower	Commencement Date	Affiliates Served as of Commencement Date
Customer Call Centers	July 1, 2005	Columbia Gas of Ohio, Columbus Gas of Virginia, Columbia Gas of Maryland, Columbia Gas of Kentucky, Columbia Gas of Pennsylvania
Sales Centers	December 19, 2005	Bay State, Northern Utilities, Northern Indiana Public Services Company, NiSource Retail Services in Ohio and Kentucky
Supply Chain	July 1, 2005	All
Meter to Cash	July 1, 2005	All
Finance and Accounting	November 1, 2005	All
Information Technology	July 1, 2005	All
Human Resources	October 31, 2005	All
Work Management System	July 1, 2005	All

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: September 21, 2006

Responsible: Sherry H. Gavito, VP, Governance
As to Objection: Legal Counsel

USW 1-25: To date, provide all documents regarding or relating to the means BSG, NiSource, and/or NCSC use to monitor functions outsourced to IBM and/or its second tier vendors to ensure that IBM maintains and/or improves upon service quality standards under the IBM-NiSource Agreement.

RESPONSE: Objection. The question is irrelevant to this proceeding where Bay State's service quality on behalf of its customers and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. Moreover, the question is a fishing expedition into the affairs of non-jurisdictional companies since it requests information belonging to entities that have no demonstrated effect on Bay State service to its customers. Finally, some functions under the Agreement are non-core functions and have no impact on service quality and are thus irrelevant to this proceeding.

Notwithstanding this objection, but rather specifically maintaining it, Bay State would state that it is currently investigating whether it has materials that may be responsive to the request.

SUPPLEMENTAL RESPONSE:

As part of the Governance process, IBM's performance is regularly monitored in each functional area and discussions related to the performance of either IBM or NiSource under the Agreement are reviewed and resolved by the Governance organization. Materials related to this process and oversight constitute a business secret, are intellectual property of both companies, and are highly proprietary to NiSource and to IBM. Some materials supporting the Governance organization may also be privileged. Bay State will make non-privileged proprietary documentation evidencing the support of the Agreement monitoring process available to the parties in D.T.E. 06-31 for visual review (but not copying), subject to a signed non-disclosure agreement, at the Boston offices of Bay State's counsel, Nixon Peabody LLP, at a mutually agreed-upon time.

By way of explanation of how the governance activities are undertaken, the following should be noted. NCSC monitors IBM's performance and improvements to service quality through two measurements, (i) Service Level Agreement methodology and (ii) utilization of Resource Units. Service Levels relate to the quality of IBM's performance in each service area and Resource Units track the quantity of work performed by IBM.

NCSC methodology and management of performance indicators was previously provided in Attachment USW 1-25.

Additionally, the utilization of Resource Units is measured in each service area by category and a corresponding unit of resource utilization on a calendar month basis. During the negotiations with IBM, NCSC analyzed the historical data surrounding the metrics related to call volumes, types of calls and type of work within the Contact Center in Smithfield, PA. This information was used to calculate the quantity of Resource Units to be utilized by IBM to operate the Contact Center. Collectively, this data is the baseline financial operational metric to measure the quantity of work performed by IBM. The types of Contact Center Resource Units and measurement of those units was previously provided on Attachment USW 1-23 (Three).

This baseline of Resource Units changes throughout the Agreement to account for the new efficiency and effectiveness expected by NCSC for implementing specific transformation projects in the Contact Centers. These transformation projects change the business processes and technology utilized by the Contact Centers in order to increase customer satisfaction and to elevate the customer experience.

NCSC manages Resource Units use in the Contact Center as a performance indicator to insure IBM's effectiveness in managing work load and increasing efficiency for NCSC customers. Management of these Resource Units will insure automation of previously manual internal processes, while increasing the percentage of self-service calls and improved customer satisfaction on self-service options.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: September 21, 2006

Responsible: Sherry H. Gavito, VP Governance

USW 4-6: Provide all vendor proposals in made response to NCSC's February 2005 RFP (USW 1-14 Confidential Attachment).

RESPONSE: All responses to the RFP are confidential according to the terms of the RFP. Moreover, none of the bidders gave NCSC written permission to release their losing bids.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: September 21, 2006

Responsible: Sherry H. Gavito, VP Governance

USW 4-8: Referring to your response to USW 1-31, please confirm that no employee or agent of BSG, NCSC, or IBM has performed any analysis of the projected cost savings BSG would realize per annum by outsourcing its customer facing functions consistent with the June 2005 NCSC-IBM Agreement to date. If this is not the case, provide all documents regarding or relating to the cost savings BSG is projected to reap should it adopt the June 2005 NCSC-IBM Agreement's outsourcing provisions.

RESPONSE: Please see Bay State's response to USW 3-15 for projected cost savings. Specifically, see pp. 8-9 of Attachment USW 3-15A and Attachment USW 3-15B.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President

USW 4-10: Referring to your supplemental response to USW 1-32:

- 1) Confirm that BSG and NCSC do not have any documentation regarding the number of trunk lines in place between 1999 and 2001. To the extent this is not the case, provide all available information regarding trunk line capacity during this period.
- 2) Additionally, provide a table addressing trunk line capacity for the Springfield Call Center from July 1, 2002 to the present date.
- 3) Provide the number of calls the Springfield Call Center was able to simultaneously have on its lines directly prior to January 1, 2003 and directly after January 1, 2003 (after the telephone switch was upgraded).
- 4) Provide all evidence supporting your statement that "This enhancement [the new telephone switch], which resulted in the sharing of capacity among the three queues . . . , combined with the movement toward a universal customer service representative model has resulted in a more efficient call center operation."

- RESPONSE:
- 1) So confirmed.
 - 2) The Company was unable to locate any additional trunk line capacity data for the requested period other than that which was previously provided in the Company's response to Attachment USW 1-32 SUPPLEMENT.
 - 3) The number of calls that were simultaneously able to enter the Company's Springfield Contact Center both directly prior to when it upgraded its telephone switch in 2003 (i.e., THEN) and directly following this upgrade (i.e., NOW) are as follows: THEN – 115 total simultaneous calls with a maximum of 37 simultaneous calls associated with the Credit queue, 38

associated with the Billing queue, and 40 associated with the Service queue, respectively; NOW – 94 total simultaneous calls for any combination of Credit, Billing and Service queues. As noted in its response to USW 1-32 SUPPLEMENT, this upgrade helped facilitate the Company's more efficient call center operation by allowing more control of which customer service representatives handled the total volume of calls.

- 4) Please see Attachments USW 4-10 (A) – (E) for monthly network busy-out statistics between 2002 and 2006, respectively. This information supports Bay State's position that (1) its decision in 2002 to address the busy-out situation by adding more lines was effective, (2) there was no negative impact on busy out rates immediately following the implementation of a new switch in January 2003, considering the call volume levels faced between February and June 2003 and (3) the Company's busy out rates from 2003 – 2006 continue to fall well below the industry standard, which is approximately 2%.

Month	Springfield Call Center Busy signal		
	Volume	Total	% met
Jan-02	59,592	3,229	5.4%
Feb-02	63,159	7,542	11.9%
Mar-02	82,262	17,469	21.2%
Apr-02	153,548	82,166	53.5%
May-02	114,009	36,204	31.8%
Jun-02	74,991	8,973	12.0%
Jul-02	66,631	4,708	7.1%
Aug-02	70,713	7,579	10.7%
Sep-02	67,116	5,515	8.2%
Oct-02	110,218	3,514	3.2%
Nov-02	73,032	415	0.6%
Dec-02	54,295	640	1.2%
YTD	989,566	177,954	18.0%

Month	Springfield Call Center Busy signal		
	Volume	Total	% met
Jan-03	99,514	294	0.3%
Feb-03	106,332	2,919	2.7%
Mar-03	120,309	11,052	9.2%
Apr-03	123,894	6,936	5.6%
May-03	120,928	4,362	3.6%
Jun-03	110,676	3,044	2.8%
Jul-03	85,657	4	0.0%
Aug-03	74,158	67	0.1%
Sep-03	78,646	4	0.0%
Oct-03	93,443	144	0.2%
Nov-03	77,863	69	0.1%
Dec-03	NA	NA	
YTD	1,091,420	28,895	2.6%

Month	Springfield Call Center Busy signal		
	Volume	Total	% met
Jan-04	95,886	28	0.0%
Feb-04	90,232	197	0.2%
Mar-04	95,091	183	0.2%
Apr-04	84,750	49	0.1%
May-04	98,873	32	0.0%
Jun-04	85,010	13	0.0%
Jul-04	81,240	97	0.1%
Aug-04	80,392	47	0.1%
Sep-04	81,198	7	0.0%
Oct-04	97,776	13	0.0%
Nov-04	83,283	47	0.1%
Dec-04	80,344	11	0.0%
YTD	1,054,075	724	0.1%

Month	Springfield Call Center Busy signal		
	Volume	Total	% met
Jan-05	92,480	136	0.1%
Feb-05	91,346	54	0.1%
Mar-05	102,624	22	0.0%
Apr-05	93,923	19	0.0%
May-05	109,506	187	0.2%
Jun-05	105,339	783	0.7%
Jul-05	88,277	170	0.2%
Aug-05	89,557	34	0.0%
Sep-05	82,571	19	0.0%
Oct-05	96,733	24	0.0%
Nov-05	92,638	95	0.1%
Dec-05	85,350	10	0.0%
YTD	1,130,344	1,553	0.1%

Month	Springfield Call Center Busy signal		
	Volume	Total	% met
Jan-06	85,350	150	0.2%
Feb-06	102,664	22	0.0%
Mar-06	114,573	45	0.0%
Apr-06	97,577	71	0.1%
May-06	117,653	107	0.1%
Jun-06	101,021	25	0.0%
Jul-06	-	-	
Aug-06	-	-	
Sep-06	-	-	
Oct-06	-	-	
Nov-06	-	-	
Dec-06	-	-	
YTD	618,838	420	0.1%

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIFTH SET OF INFORMATION REQUESTS FROM THE USW
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President

USW 5-3: Provide all documents informing, regarding, or relating to Mr. Bryant's analysis of whether BSG should utilize IBM for customer service, billing, sales, and other functions both prior to and after June 21, 2005.

RESPONSE: Please see the Company's response to USW 3-15 and USW 4-4 regarding the potential for utilizing IBM for call center and meter to cash functions in Springfield, MA. CONFIDENTIAL Attachment USW 5-3 provides an economic comparison between the current cost of the Brockton Meter to Cash functions and the cost that would be expected if IBM provided these services. This analysis estimates significant annual operating cost savings from 2007 through 2015 if IBM provided these services.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President

AG 3-1: Please refer to the AG 2-3, which states:

AG 2-3: Please state whether the Company uses a system of monthly, quarterly or yearly budgeting. For each of the years 1999-2006, please identify and produce a copy of these budgets for each department and cost category for the Company.

Please refer to the Company's response to AG 2-3, where the Company states an objection that reads, in part: "Materials dating to 1999 are irrelevant to this inquiry that takes place in 2006, when Bay State has met its service quality metrics for over three years."

- a) Please provide all facts and citation to Department orders that restricts the scope of this proceeding to an inquiry that takes place in 2006, and excludes examining the years 2005, 2004, 2003, 2002, 2001, 2000 and 1999. This question does not seek legal argument or legal conclusions.
- b) In what year did the Department approve the acquisition of Bay State by Northern Indiana Public Service Company Industries, Inc.?

RESPONSE: (a) Notwithstanding the assertion in this subsection, this section calls for a legal conclusion and takes issue with a filed objection. Mr. Bryant is not a lawyer.

(b) The Department approved the acquisition of Bay State by NIPSCo in D.T.E. 98-31 (1998).

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President

AG 3-2: Please refer to the AG 2-4, which states:

AG 2-4: In which department(s) and cost categories included in the response to AG-2-3 was the Company successful in reaching its budget targets?

Please refer to the Company's response to AG 2-4, where the Company states an objection that reads, in part: "Materials dating to 1999 are irrelevant to this inquiry that takes place in 2005, when Bay State has met its service quality metrics for over three years."

a) Please provide all facts and citation to Department orders that restricts the scope of this proceeding to an inquiry that takes place in 2005, and excludes examining the years 2006, 2004, 2003, 2002, 2001, 2000 and 1999. This question does not seek legal argument or legal conclusions.

RESPONSE: Notwithstanding the assertion in section (a), this question calls for a legal conclusion and takes issue with a filed objection. Mr. Bryant is not a lawyer.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D.T.E. 06-31

Date: September 21, 2006

Responsible: Stephen H. Bryant, President

AG-4-1 Please refer to the response to AG 2-6, which states, in part "The NiSource Board of Directors approves each budget annually as part of the NiSource financials."

a) Provide a copy of the minutes of the meeting of the NiSource Board of Directors that approved the budget for BayState for the years 2006 to 1999.

b) Provide a copy of the minutes of the meeting of the NiSource Board of Directors that approved the main replacement budget for BayState for the years 2006 to 1999.

c) Provide any presentations, handouts, budget analysis or reports to the NiSource Board of Directors for the years 2000 to 2004 that address the BayState budget.

d) Provide any presentations, handouts, budget analysis or reports to the NiSource Board of Directors for the years 2000 to 2004 that address the BayState budget for staffing levels and main replacement.

RESPONSE:

- a) Please see Attachment AG 4-01 for the NiSource Inc. ("NiSource") Board of Director ("BOD") meeting notes from November 30, 1999. Following an extensive search, Bay State has determined that this is the only set of NiSource BOD meeting notes over the requested time period wherein Bay State's budgets were specifically referenced. The majority of the BOD financial discussions present NiSource on a combined basis. Attachment AG 04-01 has been modified to reflect only the requested information from the BOD meeting on November 30, 1999.
- b) No BOD meeting notes for the requested time period discussed a budget for Bay State's main replacement program.

- c) No information, presentations, handouts, budget analysis or reports made to the NiSource BOD discussed Bay State's budget between 2000 and 2004.
- d) No information, presentations, handouts, budget analysis or reports made to the NiSource BOD discussed the budget for Bay State's staffing levels and/or its main replacement program.

Minutes of a regular meeting of the Board of Directors of NISOURCE INC., an Indiana corporation, duly called, convened and held at the Southlake Complex, 801 East 86th Avenue, Merrillville, Indiana, on Tuesday, November 30, 1999, at 9:00 a.m., Central Standard Time, pursuant to written notice and the by-laws of the Corporation.

Present: Steven C. Beering
Arthur J. Decio
Dennis E. Foster
James T. Morris
Gary L. Neale
Ian M. Rolland
John W. Thompson (via telephone conference call)
Robert J. Welsh
Carolyn Y. Woo
Roger A. Young

constituting all of the members of the Board of Directors.

Mr. Gary L. Neale, Chairman of the Corporation, presided at the meeting; Mrs. Nina M. Rausch, Secretary of the Corporation, recorded.

Also present were Stephen P. Adik, Senior Executive Vice President and Chief Financial Officer, and Treasurer, of the Corporation, Gay L. Vajda, Principal, Financial Reporting, of NiSource Corporate Services Company, and Francis P. Girot, Jr., Treasurer of Northern Indiana Public Service Company, each being present for certain agenda items only, and Peter V. Fazio, Jr., of Schiff Hardin & Waite, general counsel to the Corporation.

The minutes of the previous meeting held October 26, 1999, were approved.

Mr. Girot gave a review of the Pension Plan assets and the performance of the fund as of September 30, 1999. Mr. Girot then left the meeting.

Mr. Adik presented financial information for the month of October, 1999, and the ten-month period ended October 31, 1999. A motion was made, seconded and passed

11/30/99

to approve the financial information as presented.

Messrs. James K. Abcouwer, David A. Kelly, Patrick J. Mulchay, Joseph L. Turner and Jeffrey W. Yundt entered the meeting.

Mr. Adik presented an overview of the Corporation's budget plan for the year 2000. He stated that the plan was aggressive, but achievable, and then discussed the plan in more detail noting that earnings, before interest and taxes, are anticipated to increase by about \$70 million, or 4.18%, above the 1999 forecast. He noted that earnings per share are projected to increase from the 1999 forecast of \$1.64 to \$1.90 in the year 2000.

Mr. Adik discussed the net income and capital budget for the 2000 plan by business segment, noting that total net income is projected to increase approximately 16.02%. He discussed the capital budget by business segment, noting that total capital is projected to decrease by about \$19.1 million. Mr. Adik discussed the estimated 2000 cash flow and the percentage of debt of total capitalization. About \$113 million will be spent for debt reduction, including any common share buy back.

Mr. Yundt reviewed selected financial statistics for Bay State Gas Company (Bay State) noting that earnings before interest and taxes are forecast to increase from 1999 to 2000 by approximately \$7 million. The capital budget for 2000 is \$43.2 million, a decrease from the 1999 forecast which had included costs for the Kittery Naval Station expansion and the CIS program.

He noted that the key issues facing Bay State in 2000 are the execution of a revised sales plan, reductions in operation and maintenance costs through the Shared Services Project and CIS implementation, and the outcome of regulatory proceedings in Massachusetts seeking divestiture of Bay State's gas service business which is currently encompassed in the utility.

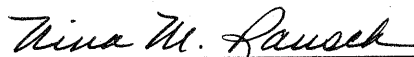
With regard to Northern Indiana Fuel & Light Company (NIFL) and Kokomo Gas Company (Kokomo), Mr. Yundt stated that both were doing well, but that the shutdown of the Delco plant in Kokomo, Indiana, has affected the gross margin of Kokomo. He stated

11/30/99

bidding process which is underway. He discussed the acquisition of Eastern Utilities by KeySpan and other acquisition activity in the utility industry.

Mr. Neale stated that the next regular meeting of the Board of Directors will be a telephone conference call on Friday, December 17, 1999, at 10:00 a.m., Central Standard Time. A meeting schedule for the January planning retreat to be held January 26 through January 30, 2000, was distributed.

There being no further business to come before the meeting, the same, upon motion duly made, seconded and unanimously carried, adjourned.



Nina M. Rausch, Secretary